

all capital assistance has been by way of grants. If the goods supplied by Canada on a grant basis are sold by the receiving government, counterpart funds are set aside in the national currency to finance local costs of such specific development projects as may be agreed upon by the two governments. Although in particular cases the exact amounts of counterpart funds may be subject to discussion, they will normally be equivalent to the expenditures made by the Canadian Government.

In providing aid to these countries, Canada recognizes that they are generally in the best position to know their own needs and it is therefore left to their initiative to propose projects for Canadian aid. When deciding which projects should be accepted, the Canadian authorities take into account both the contribution which the particular project is likely to make to basic economic development and also the extent to which the required goods and services can be supplied from Canada. In practice the Canadian contribution has included commodities as well as equipment. While most of the goods and services provided have been of Canadian origin, some have been procured from outside sources when necessary to complete a predominantly Canadian portion of a project. The principal projects so far assisted have been in the fields of food production, transportation and public utilities.

In the first year of the Colombo Plan, the Canadian contribution of \$25 million was divided between India and Pakistan, with \$15 million allocated to India and \$10 million to Pakistan. In 1952-53, Ceylon was included in the Canadian programme and provision was made for about \$2 million of aid to that country with the remaining funds to be allotted to India and Pakistan in the light of programmes suggested by those governments. It would appear that approximately \$13.7 million will be devoted to projects in India and approximately \$9.3 million to Pakistan. Plans for the use of the funds appropriated in 1953-54 are well advanced.

Any assistance which Canada might provide to other countries of the area would presumably be supplied on a basis similar to that used in the cases of India, Pakistan and Ceylon.

India

In view of the serious food shortage in India during the first two years, the Canadian programme included \$10 million for wheat in 1951-52 and \$5 million for the same purpose in 1952-53. Of the resulting counterpart funds it has so far been agreed that \$10 million will be used for the irrigation and hydro-electric project at Mayurakshi. This contribution to local construction costs will supplement the \$3 million of Canadian Colombo Plan funds earmarked for the provision and installation of hydro-electric equipment from Canada at this site. Since this equipment is being transferred by the Government of India as a loan to the project, it will in turn yield counterpart funds over a period of years.

Another project assisted by Canada has been the modernization and expansion of the Bombay State transport system. Trucks, buses, tractors, and trailers, as well as a considerable quantity of tools and spare parts have been supplied out of the \$4.5 million allocated for the project. This equipment is being transferred by the Government of India on a loan basis and will therefore produce counterpart funds in due course.

In the field of transportation Canada has also agreed to supply a number of boilers for installation in locomotives manufactured at Chittaranjan. Canada's assistance to this project, which is expected to be between \$1.3 million and \$2.08 million, will also generate counterpart funds.